

OPPORTUNITIES AND RISK

The top 10 Ontario regional law firms see possibilities in this era of consolidation and slow economic growth.

By Charlotte Santry

HOW WE DID IT

Canadian Lawyer asked lawyers and in-house counsel from across Canada to vote on Ontario's top full-service regional firms. They were asked to rank their top 10 firms from a preliminary list, with a chance to nominate a firm that was not included on the list. Respondents' rankings were based on firms' regional service coverage, client base, notable mandates, service excellence, and legal expertise. To be considered in the vote, firms were required to have offices only in the province of Ontario and offer a wide range of legal services. Voting was verified through a series of internal checks and the final rankings were determined through a points system, in which firms were rewarded on a sliding scale for the number of first- to 10th-place votes received.



Ontario law firms see opportunities and risks in an era of consolidation and slow economic growth. Clients who are released by merged firms due to conflicts, or are unwilling to pay the fees demanded by international behemoths, may well look to smaller firms located in and around Canada's financial and administrative centres.

Managing partners around the province watched with interest as Fraser Milner Casgrain LLP merged with American and U.K. firms in the spring creating Dentons, with nearly 2,600 lawyers. But there is also the fear, as legal budgets shrink or remain static, larger firms could use their marketing might to swallow up the space occupied by regional mid-sized players.

Taking this year's No. 1 spot in *Canadian Lawyer's* list of the top 10 Ontario regional firms is Aird & Berlis LLP, which sees itself as well placed to capitalize on the reshaping of the legal market. "Every time there's a merger there's an opportunity for us, because every time there's an international merger there's a whole referral network that has been broken," says the firm's managing partner Eldon Bennett.

International firms may not be willing to send incoming work to organizations seen as competitors, which is where Aird & Berlis, also the biggest firm on this year's list, believes it can step in. "The number of firms that have the capacity to do that kind of work is relatively limited," says Bennett. "We're in an interesting space. I think of us as the smallest of the large."

The list only considers firms based solely within the province, though some of those in the top 10 carry out extensive national, cross-border, and international work. Since *Canadian Lawyer* last ranked Ontario firms in 2011, Cassells Brock & Blackwell LLP has opened a Vancouver office, making it ineligible for the regional survey.

Like Bennett, Fogler Rubinoff LLP's managing partner Michael Appleton also sees opportunities in the predicted wave of mega mergers. "Down the road, a lot of the big firms are dressing themselves up to be part of an international firm," he says. "When the smoke clears, there's going to be lots of these big international firms with 2,000 to 3,000 lawyers, and the alternative will be mid-sized firms."

Lerners LLP's managing partner Ian Dantzer highlights the need for regional firms to stay on top of social media marketing to compete against firms based outside of the province that are reaching clients in new ways. "It has become a matter of getting SEO [search engine optimization] and Google Adwords, and competing to get on that first Google page," he says.

While the lower overheads and simpler corporate structures of mid-sized firms are attractive to clients,

many of Ontario's regional firms, with their strong emphasis on business law, continue to feel the effects of the sluggish economy. This spring was "perhaps the quietest I've personally seen in 18 years... from a deals standpoint," says Arlene O'Neill, partner at Gardiner Roberts LLP. Businesses are far more cautious and "we've had a lot of deals that haven't gone through." There is light on the horizon, however. "Our sense is that in the past six to 12 months, the confidence has started to build... the deal flow is definitely picking up," she says. She also believes smaller firms such as hers can offer a strong value proposition to clients struggling to find affordable legal services in Toronto's downtown core.

Ontario's regional firms also appear to be benefiting from the raft of ambitious Bay Street lawyers looking for roles outside of Big Law. "The whole structure of law is changing. I'd say what's happening in Toronto is we're seeing something closer to the U.K. model," says Bennett. "At the large firms, the ladders of the partnership are being pulled up. It's a buyer's market not just for clients but for law firms." Most of Fogler Rubinoff's recent hires have come from bigger firms, says Appleton. Torkin Manes LLP's managing partner Jeffrey Cohen has also seen a steep increase in lateral movers. "We're getting a lot more calls from recruiters for people who have 25 years — a long runway — of practice and are looking for a more favourable environment," he says.

Growth among the top 10 firms listed below has been steady. Aird & Berlis took on extra office space last year and hired back six of eight articling students. It is assessing whether to open new offices outside Toronto and, Bennett says, is weighing some "quite attractive" opportunities against the need to maintain profitability. Other firms have no such plans. Several mentioned the possibility of branching into specific, new practice areas.

What all the firms in the top 10 share is a keen ambition to continue improving services and a guarded optimism about the challenges that lie ahead.

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TOP 10
ONTARIO REGIONAL FIRMS



WEIRFOULDS LLP

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Total lawyers: 84

Office: Toronto

Core practice areas: Litigation; corporate; property development; government law

Key clients: Confidential, but includes public and private corporations; governments and public authorities and agencies; entrepreneurs; national firms seeking regional representation; non-profit and public interest organizations and individuals

Notable mandates: Co-counsel for representative plaintiff in class proceeding against General Motors of Canada and a Toronto law firm; acted for the Province of Newfoundland and Labrador in all matters relating to AbitibiBowater Inc.'s insolvency restructuring under the CCAA; acting for Largo Resources Ltd. to bring its Maracás Vanadium Project in Brazil to production; acting for Canadian Solar Inc. in the Haldimand County solar farm, part of an Ontario project being completed with Samsung; co-counsel for Midland Resources Holding Ltd., and its principals, in a dispute relating to a US\$50 million Russian oil and gas joint venture.

Star alumni: Four treasurers of the Law Society of Upper Canada; former Nova Scotia Appeal Court justice and current Supreme Court Justice Thomas

Cromwell; former Ontario Chief justice George Gale; former Supreme Court of Canada justice Roy Kellock; former Ontario Court of Appeal justices James Carthy and Allan McNiece Austin; Ontario Superior Court justices Joan Lax and Paul Perell.

Affiliations: SCG Legal (formerly The State Capital Group)

The firm: Founded in 1860, WeirFoulds has acted on some of the most significant litigation and commercial matters in Canada, including the dispute between Canada, Ontario, and Quebec over the apportionment of assets of the former Province of Canada and the first international arbitration in which Canada represented itself (the Hague North Atlantic Fisheries Arbitration). "WeirFoulds has a commitment to excellence that is very rare, and difficult to find. They always go the extra mile," according to one survey respondent.

"One of our firm's signature qualities is that we know who we are," says managing partner Michael Statham. The firm is "always looking to reinforce" the strength of its core practice areas and sees its success as being down to the "drive, dedication, and talent" of its people, he adds.

The logo graphic consists of a 2x2 grid of colored squares: orange (top-left), blue (top-right), green (bottom-left), and red (bottom-right). The text 'WeirFoulds' is written in a white serif font across the top two squares, and 'LLP' is written in a smaller white sans-serif font to the right of 'Foulds'.

WeirFoulds^{LLP}

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We provide sophisticated solutions to our clients' most challenging problems, and this is why we continue to be leaders in the profession.